

ABSTRACT

Financial literacy among young adult particularly important because could help minimize the cost incurred in managing their debt and improve their financial in case of an income shock, other emergency or greatly enhance their retirement security (Scheresberg, 2013). According to a survey conducted by OJK the average of financial literacy in Indonesia is 29,7%. Lack of financial literacy will exacerbate stress level and will result in financial distress (Kim et al., 2006). According to a survey conducted by the Lembaga Kadence International Indonesia, of the 3,000 respondents in 12 cities in Indonesia, 33% were in the almost bankrupt category.

This study is aimed at finding the relation between financial literacy and financial distress in young adults in Bandung. The research method used in this study is quantitative method. The data are collected through questionnaires given to young adults in Bandung. As many as 400 samples are chosen through purposive sampling. The measurement device used in this study is Likert scale, i.e. for financial literacy variables and The InCharge Financial Distress/Financial Well-being (IFDFW) for financial distress variables. The analysis techniques used in this study are descriptive analysis and Pearson product-moment parametric correlation analysis.

The study shows that the financial literacy level of the young adults is high while the financial distress level of them is moderate. The study also shows that there is a positive and strong correlation between financial literacy and financial distress in young adults in Bandung.

Keywords: *Financial literacy, Financial distress, Young adult, Bandung*